

Supplier Terms and Conditions Agreement – AS9100D

L.H. Thomson Company, Inc.

Revision: I 9.10.2018

General: As a supplier to L.H. Thomson Company, Inc., it is understood that your organization agrees to meet the following stipulations / AS9100D requirements whenever an L.H. Thomson Company, Inc. Purchase Order specifies that the order is for an aerospace application/job (or contains some similar aerospace/AS9100D reference). These requirements are, therefore, to be considered as terms and conditions to all aerospace purchases.

Supplemental Purchase/Change Order Notes – Outside Production: Work under this order is subject to L.H. Thomson Company, Inc. and/or customer's surveillance at seller's plant. L.H. Thomson Company, Inc. quality control representatives may elect to conduct inspection either on a surveillance basis or to the extent of 100% inspection. Sellers are notified if L.H. Thomson Company, Inc. inspection is to be conducted on specific shipments. No shipments are to be held for L.H. Thomson Company, Inc. inspection unless notification is received prior to shipment of parts.

- 1) Where required on the L.H. Thomson Company, Inc. Purchase Order, its suppliers must use L.H. Thomson's customer-approved special process sources.
- 2) L.H. Thomson Company, Inc. is to be contacted (by the supplier) in the event of nonconforming product/material. Arrangements for the approval of supplier nonconforming product/material must be as directed by a Quality manager or designee of L.H. Thomson Company, Inc.
- 3) Furthermore, the supplier is required to notify L.H. Thomson Company, Inc. of any changes to a product and/or process and to obtain approval from an authorized L.H. Thomson Company, Inc. manager or designee (if applicable).
- 4) L.H. Thomson Company, Inc., their customers, and regulatory authorities retain the right of access to all supplier facilities at any level of the supply chain involved in the aerospace order and to all applicable records.
- 5) The AS9100D standard requires that all applicable customer/regulatory/AS9100D requirements flow-down to sub-tier suppliers (includes requirements in the purchasing documents and key characteristics). However, L.H. Thomson Company, Inc. requires all aerospace suppliers who subcontract any product or process to a sub-tier supplier to use the customer approved supplier list. If there is no customer approved supplier for that product or service, then supplier must obtain L.H. Thomson's written consent.
- 6) Aerospace suppliers must have a formal documented process on its Business Continuity Plan in case of a crisis or emergency situation. L.H. Thomson Company, Inc. is afforded the right to review suppliers' Business Continuity Plan on an as needed basis which could occur at the suppliers' premises or be asked to send a copy to L.H. Thomson Company, Inc. for review.
- 7) L.H. Thomson Company, Inc. performs inspection activities to ensure that purchased product meets purchase requirements. They may include:
 - a) Receiving inspections (supplier products / services / documents) may be/are performed by a designated employee. L.H. Thomson Company, Inc. verifies the authenticity of the appropriate certificate of conformity, material certificates, etc. and other accompanying documentation by review and comparison (as is appropriate) to the drawing and/or industry specifications or by other means. When necessary, L.H. Thomson Company, Inc. or its Customer may inspect or audit at the supplier's facility.
 - i) L.H. Thomson either inspects per ASQ Zero Acceptance Number Sampling Plans, Fifth Edition by Nicholas L. Squeglia, using AQL value 1.0 as normal sampling acceptance value, or inspects 100% if needed.
 - b) Furthermore, products are inspected to ensure they meet requirements (dimensions, etc.) and the results are recorded (as appropriate). All special processes (anodizing, heat treat, etc.) where the compliance cannot be verified by inspections require a Certificate of Conformity.
- 8) When appropriate, L.H. Thomson Company, Inc. may delegate the inspection authority to one of its approved suppliers. L.H. Thomson Company, Inc. communicates any additional inspection requirements (including approved monitoring and measurement equipment/methods) not covered in item 7 above and L.H. Thomson Company, Inc. maintains a record of those approved to carry out such inspections.
- 9) When L.H. Thomson Company, Inc. or its customer intends to perform verification at the supplier's premises, L.H. Thomson Company, Inc. will first state the intended verification arrangements and the method of product release. This information is communicated on the L.H. Thomson Company, Inc. Purchase Order or via another acceptable purchasing arrangement.
- 10) Where specified in the contract, L.H. Thomson's customer or customer's representative is afforded the right to verify at the supplier's premises and L.H. Thomson Company, Inc.'s premises that subcontracted product conforms to specified requirements. Verification by the customer is not used by L.H. Thomson Company, Inc. as evidence of effective control of quality by the supplier and shall not absolve L.H. Thomson Company, Inc. or its supplier of the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by the customer.
- 11) To prevent the purchase of counterfeit or suspect/unapproved products and to ensure product identification and traceability (and for other reasons), L.H. Thomson Company, Inc. institutes controls that include the requirement of Material Certificates, Certificates of Conformity, and/or other supporting documentation from its suppliers as is appropriate. These requirements may be specified on L.H. Thomson Company, Inc.'s Purchase Order or may otherwise be communicated to the supplier.

- 12) Records related to this contract are available for review by L.H. Thomson, our customers, and regulatory authorities in accordance with contract or regulatory requirements. Records are retained for a minimum of ten (10) years and shredded following the retention period unless otherwise specified.
- 13) L.H. Thomson Company, Inc. may require specific actions where timely and/or effective corrective actions to a supplier's issue(s) are not achieved. These actions may include but are not limited to any or all of the following: withholding payment until the issue is resolved, removal of the supplier from L.H. Thomson Company, Inc.'s Approved Supplier List, and legal actions.
- 14) Delivery: Parts are delivered F.O.B. L.H. Thomson Company, Inc., Macon Georgia. The shipments are delivered as Buyer requests (ground or air). Any delivery schedule specified by L.H. Thomson Company, Inc. governs unless the supplier specifies its schedule and notifies L.H. Thomson Company, Inc. in a timely manner. If supplier objects to L.H. Thomson Company, Inc.'s schedule changes, the parties shall agree upon a schedule. If the parties fail to agree within a reasonable time, either may cancel the Order and supplier pays L.H. Thomson Company, Inc. all costs reasonably incurred by L.H. Thomson Company, Inc. with this Order prior to cancellation.
- 15) Insurance: Supplier agrees to maintain general liability including products liability insurance coverage of \$1,000,000 per occurrence, automotive liability insurance coverage of \$1,000,000 per occurrence, and Umbrella/Excess coverage with a minimum of an additional \$1,000,000 per occurrence limit. Workers Compensation coverage is maintained with statutory limits. Supplier names L.H. Thomson Company, Inc. as an additional insured with respect to general and automotive liability and promptly provides L.H. Thomson Company, Inc. with a certificate of insurance demonstrating that L.H. Thomson Company, Inc. is named as an additional insured. Compliance by Supplier with the foregoing insurance requirements shall not affect or limit Supplier's obligations to indemnify L.H. Thomson Company, Inc. under Section 16, below.
- 16) Indemnification: Supplier agrees to defend, indemnify and save harmless L.H. Thomson Company, Inc., its officers, agents, successors, assigns and customers against all claims, demands, damages, costs, expenses, attorneys' fees or liability of any kind which arise from, or are related in any way to: (1) the actual or alleged infringement of any trade name, trademark, copyright or patent, or the misappropriation of any trade secrets or confidential information arising in connection with the possession, sale or use of the goods delivered, or services rendered, to L.H. Thomson Company, Inc. under this Agreement; (2) injuries or damages to any person or property arising from the performance of services for L.H. Thomson Company, Inc., if this Agreement calls for the performance of such services; (3) the performance of this Agreement by Supplier or any agent or subcontractor of Supplier; and/ or (4) the claims of third parties relating to or arising in connection with services performed and/or the goods delivered under this Agreement. Supplier further agrees, upon receipt of notification from L.H. Thomson Company, Inc. to promptly assume full responsibility for the defense of any and all such claims, suits, actions or proceedings for which Supplier is obligated to provide indemnification under this Section.
- 17) Supplier must flow down controls listed in the agreement and any other appropriate controls to their direct and sub-tier suppliers, and ensure their employees are aware of their contribution to product/service conformity, product safety, and the importance of ethical behavior. Supplier should be prepared to provide L.H. Thomson Company, Inc. evidence of such communication if requested.
- 18) Payment: Payment is made in U.S. dollars and is due within agreed upon payment terms (defined as FOB L.H. Thomson Company, Inc. Dock, Macon, GA).
- 19) Packing: Supplier packs the parts as specified by L.H. Thomson Company, Inc.
- 20) Excusable Delay: Supplier is not liable for nor deemed to be in default on account of delays of any parts due to the following: Event that is caused solely by the effect of nature or natural causes and is beyond the supplier's control.
- 21) Title and risk of loss: L.H. Thomson Company, Inc. will not take title and risk of loss or damage to parts until received into L.H. Thomson Company, Inc.'s Inventory. Furthermore, supplier is held liable for the full value of all parts ruined/damaged beyond repair by supplier.
- 22) Modification: No modification of the order shall be binding on L.H. Thomson Company, Inc. unless agreed to in writing, and signed by an authorized representative of L.H. Thomson Company, Inc.
- 23) Applicable law: All Orders are governed by the laws of the state of Georgia unless otherwise specified in writing by L.H. Thomson Company, Inc.

Supplier Company Name (PLEASE PRINT)

Supplier Representative Name (PLEASE PRINT)

Title

Supplier Authorized Signature

Date